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December 13, 2005

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The Honorable Alberto R. Gonzales
Attorney General
United States Department of Justice
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530-0001

Dear Attorney General Gonzales:

We understand that the Korean Fair Trade Commission (KFTC) announced on December 7 its decision that Microsoft's distribution of its Windows operating system on the Korean market violated Korean competition law. The KFTC also announced that Microsoft would be barred from distributing its standard version of Windows in Korea, and instead will be required to design and sell two, Korea-specific versions of Windows – one from which certain product features have been removed, and another that retains these features, but which hides them from consumers and promotes substitute products offered by Microsoft's Korean competitors.

As you know, Microsoft's conduct regarding these very issues has already been litigated and resolved by the Justice Department and U.S. courts, and is now subject to ongoing oversight by your Department. Our understanding is that the Justice Department has specifically rejected the view that forcing a company to remove innovative features from its products is good for consumers or necessary to promote competition.

It is deeply troubling that Korea has opted to reject the flexible, pro-consumer approach endorsed by your Department and instead appears to have adopted a variant of the more rigid European approach to these issues. Even more troubling is that Korea has gone even further than Europe by making it illegal for Microsoft to sell its standard version of Windows on the Korean marketplace. The KFTC is forcing Microsoft to promote its Korean competitors while making it more difficult for Korean users to enjoy Microsoft's own technology innovations.

In our view, the KFTC's remedy shows a disregard for established principles of international comity by failing to defer to the U.S. approach on this issue, despite the clear

The Honorable Alberto R. Gonzales
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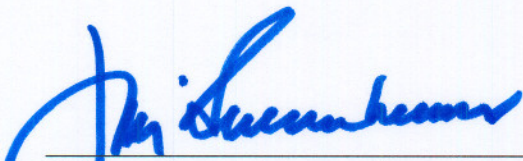
primacy of the United States' interests in this matter. The KFTC's remedies will also erect a serious market access barrier to one of America's leading exports. In an era of expanding international trade and global markets, U.S. companies will be deeply disadvantaged if they are hobbled in their ability to offer new technologies in foreign markets, or forced to create specific versions of their products in different foreign markets simply to advantage competitors in those markets.

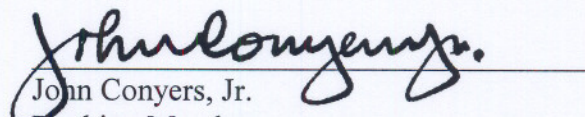
We are also concerned about the implications of this precedent beyond the Microsoft case. First, with over 100 competition authorities around the world, U.S. companies could soon find themselves operating under myriad and conflicting regulatory requirements. It is vital that the U.S. Government not only work to minimize such conflicts in individual cases, but also to ensure that U.S. views on competition policy are heard and respected. Second, we are concerned that the Korean precedent might inspire China, in particular, to adopt a competition law and philosophy that harms leading U.S. companies without advancing any legitimate competition objectives.

We understand that Department of Justice officials had been in constant communication with their counterparts at the KFTC in the months leading up to this decision and had urged the KFTC to adopt the U.S. approach to this matter, rather than the EU-type approach that the KFTC ultimately adopted. We applaud the Department's strong public response to the KFTC's decision and urge the Department to increase its efforts to promote U.S. interests and policies in this area, both in Korea and elsewhere.

We would appreciate your prompt and personal attention to these issues.

Sincerely,



F. James Sensenbrenner, Jr.
Chairman

John Conyers, Jr.
Ranking Member

cc: Ambassador Rob Portman, United States Trade Representative
Deputy Secretary Robert B. Zoellick, Department of State